

Department of the Treasury
Office of Thrift Supervision

Transmittal



September 11, 1992

Number: 63

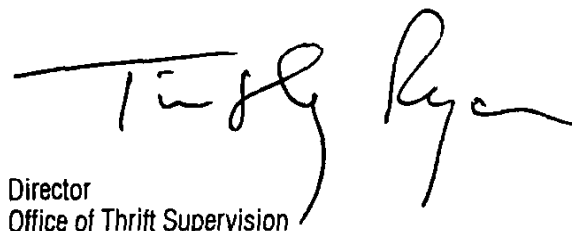
Attached is a supplemental notice of proposed rulemaking for calculating an interest rate risk component that would be incorporated into the Office's capital regulation. The proposed rule sets forth the requirement that to measure the effect on a thrift's market value of portfolio equity of a 200 basis point shift up or down in interest rates. If the decline in MVPE is less than 2% of the estimated market value of the thrift's assets, no addition will be made to its risk-based capital requirement. If there is a greater than 2%, however, a savings institution is required to maintain additional capital equal to one-half of the difference between its measured interest rate risk and 2%, multiplied by the market value of its assets.

The OTS is also proposing that small, highly-capitalized institutions that have less than \$300 million in assets and a

risk-based capital ratio in excess of 12 percent be given the option to file an abbreviated reporting form. Regional Directors would retain the discretion to require the filing of the full reporting form.

The OTS solicits comment on all aspects of these proposed regulations and, in particular, solicits comment on the methodologies and assumptions that are being considered for the measurement of interest rate risk.

The proposal is published in the *Federal Register*, Vol. 57, No. 172, pp. 40524-40562. Comments on the proposed rule must be received on or before November 2, 1992, addressed to: Director, Information Services, Public Affairs Office, Office of Thrift Supervision, 1700 G Street NW., Washington, DC 20552.



Director
Office of Thrift Supervision

Attachment